

Environment and Sustainability - Unit 4

Environmental Economics can be defined as that part of economics that deals with the inter-relationship b/w environment and economic development and studies ~~from~~ the ways and means ~~neither~~ by which neither ~~are~~ the former ~~is~~ impaired nor is the latter impeded.

Environmental Economics undertakes theoretical or empirical studies of the economic effect of national or total environmental policies around the world.

Nature and Scope of Environmental Economics

→ Env. Economics is an application of scientific theories and general application of welfare economics.

It is of 2 types:

Positive

As a positive science, environment economics studies cause and effect relationship

For eg, the law of thermodynamics are equally applicable to economic process.

Normative

As a normative science, this relates to policy measures.

- conscience morals and ethics.

→ Env. Economics is a study of micro and macro aspects.

Micro Aspects: In a polluted place we do not get fresh air. This comes under micro level planning.

Macro Aspects: When the pollution problem is related to the economy as a whole & related to macroeconomics,

→ Environmental economics is also static and dynamic.

Static: Economists have applied economic welfare approach to environment which is static in nature.

Dynamic: In dynamic approach, economists have focus on forests, minerals, water resources and fossil fuel.

SCOPE

→ Economy - Environment Analysis (Linkage)

It is concerned with the ~~off~~ impact of economic activities on employment and its implications for the individual firm, industry and economy as a whole.

→ Economic Development

The main objective of environmental economics is to maintain a balance b/w economic development and environmental quality in order to achieve the social/economic possibilities to reduce pollution and uplift the standard of living.

→ Welfare Approach

This approach comes into existence to tackle the environmental problem from an economic welfare framework.

→ Multidisciplinary Base

It consists of an intimation of many varied disciplines such as Biology, Ecology, Physical Science, Ethics and mainstream economics.

→ Conservation Policy

→ Clean Technology

Environment economists are in favor of appropriate and clean technology which provide the most rational use of natural resources and energy to protect the environment.

ENVIRONMENT - ECONOMY LINKAGE

